

I live in the southern walk community in Broadlands, which is under an exclusive agreement with Openband. Having first-hand experience with exclusive telecommunications contracts, I am in full support of the FCC's potential ban on such contracts. There are many consequences of this particular exclusive agreement which are all detrimental to consumers. The following lists problems with the exclusive telecom contract between Openband and the residents of Southern Walk:

Competition: Telecommunication services have increasingly provided more choices, better services, and lower prices. This has all been accomplished via competition. This type of agreement eliminates competition. While the agreement specifies provisions for "competitive pricing" it is left to the provider to determine the comparisons! In the case of Openband, they decide which other provider qualifies as competition. For example, they have ignored Satellite video providers (which provide more choices, better quality, and lower prices for video than they do).

Conflict of Interest: In our situation, the builder (Van Metre) setup an agreement between Openband and the residents, without any resident input. This is an extreme conflict of interest since the builder has financial interest in the provider. Since the term of the contract between the HOA and Openband is many years (65+) we are essentially signing up to pay whatever Openband specifies for as long as we own the house, without an option to get out. No resident would actively choose such an agreement. Additionally, on the purchase of the house, the details of the contract between the HOA and Openband were not disclosed to me, only the agreement between the residents and the HOA.

Lower Property Value: In talking with Real Estate agents, I've found that some agents are reluctant to show properties in this neighborhood due to the crushing terms of this contract. This lowers the relative value of our homes.

One-Size Service: Most families have different needs. This type of contract dictates the base-level service, even if it exceeds the needs of the family that is forced to pay it.

Loss of Innovation: Since all residents are locked into this service, there is no motivation for the provider to ever upgrade, or use new technology. Already, VoiceOverIP phone service provides a lower-cost option for voice, but this type of service is not available (since residents are already forced to pay for Openband's phone service). Since the contract is extremely long (65+ years), there is no way of specifying future competitors in the document. Thus we will miss out on competition from future services. For example, if one wrote

an exclusive telecom contract 20 years ago, dial-up service and simple cable TV would be the only competition that would be listed.

For these reasons, I believe these type of exclusive contracts must be prohibited by the FCC.